Employment Land and Economic Growth Assessment (Update 2021)

Executive Summary

July 2021

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Introduction

i. This report provides an Employment Land and Economic Growth Assessment (Update 2021) to inform the next Denbighshire Local Development Plan (LDP). It provides a review and update of the 2019 Employment Land and Economic Growth Assessment, completed by BE Group, considering contemporary macro-economic issues such as the Covid 19 Pandemic, Brexit, and their impact on the local economy. It responds to the following questions raised by the Council in regard to the previous 2019 Study and the 2021 Denbighshire economy:

- “How much information and quality data is currently available that accounts for the impact of the Covid 19 pandemic on the Welsh economy and the UK’s future trading relationship with the European Union?
- Are there any updated statistics on future job growth and floorspace requirements, especially with regard to B1/ office space requirements? DCC Employment Land and Economic Growth Assessment, table 21 ‘Labour Demand Forecast, 2018 – 2033, sets out that the largest local job growth is anticipated in the B1 (Mostly Office Uses) group.
- How strong is the current demand for (long-term) storage and distribution premises in North Wales? Are there any industry sectors that are looking to increase the demand for employment land in light of the changing circumstances?
- DCC LDP Draft Preferred Strategy (May 2019) sets out the following proposed level of growth: “The Preferred Strategy will make provision for a level of growth comprising 68 hectares of employment land to accommodate a forecasted land requirement of 47.6 hectares.” These figures are based on Recommendation 1, paragraph 9.5, in the Employment Land and Economic Growth Assessment (2019), using the ‘Past Building Completions – Short Term, Land Take-up’. How realistic is this scenario in light of the current economic situation? Is there any benefit in using any of the other three forecasting methods that are set out in table 33 ‘Land forecast Models?’”

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Methodology

ii. A number of research methods have been used, including property market data analysis and interviews with property market stakeholders such as developers, investors and their agents. Major employers in the County have been individually consulted. Finally, the land supply has been assessed against forecast data to understand future land need. The methodology follows Welsh Government ‘Practice Guidance – Building an Economic Development Evidence Base to Support a Local Development Plan’ on employment land reviews and accounts for other Welsh Government Policy, including TAN 23 and Planning Policy Wales.

Findings

iii. Denbighshire had a total of 95,700 residents in 2019 although the proportion of working age, 16-64, residents is below average in Wales at 57.6 percent. Deprivation is an issue in Rhyl which was home to the first and second most deprived LSOA’s in the whole of Wales, as of the 2019 Welsh Indices of Multiple Deprivation.

iv. Manufacturing accounted for 3,250 employees, 7.7 percent of the total and 3.0 percent lower than in Wales. Office sectors accounted for less within Denbighshire that its comparator in Wales, a County total of 11.8 percent of employees (4,950). Within the office sectors, the Business Administration and support services sector dominated, with 2,375 employed in 2019.

v. Over 2015-2019, most office sectors saw gains in employment with Business Administration seeing the good growth in jobs and businesses. However, the Manufacturing sector experienced a loss of 500 jobs. Declines in manufacturing employment are observed throughout the UK and tend to reflect jobs losses in larger firms through factors such as the increased automation of production processes. It does not normally suggest a declining business base more generally and, in Denbighshire, this is evidenced by the fact that number of manufacturing businesses grew by 11.1 percent over 2015-19.

vi. Impacts of the Covid-19 Pandemic on Denbighshire, include a near doubling of unemployment levels over March-August 2020, from 1,970 to 3,790 in Denbighshire. Since then, the number of claimants has fallen marginally to 3,615 in January 2021 but remains above Welsh and GB averages. As of 31st December 2020, some 4,600 jobs were furloughed in Denbighshire, approximately 11.9 percent of eligible jobs, mostly in the Arts, Accommodation and Retail trade sectors, which do not require B1/B2/8 floorspace.

vii. Nationally, the Covid-19 Pandemic has created a boom in the B8 logistics market as large parts of the UK economy went online in in the face of multiple UK and Welsh national lockdowns. Demand for B2 industrial accommodation remains similarly strong. None of the stakeholders highlighted the present issues of cross border trade with Ireland and the EU, via Holyhead, as a constraint on logistics demand. Property requirements seem to be more County or North Wales focused and not particularly dependant on this aspect of post Brexit international trade.

viii. Denbighshire is benefiting from this strong demand, particularly at the smaller end of the market for units of less than 2,500 sqm. Recent transactions have mostly been for sub-500 sqm units. Small units are achieving prime rents of £8-9/ sqft (£86-97/ sqm), whilst larger units can let at £6.50/ sqft (£70/ sqm). Demand is particularly strong around the established employment areas of Denbigh and St Asaph/Bodelwyddan.

ix. The strategic site at Bodelwyddan still needs significant ground infrastructure to help bring the site forward and attract developers to invest. However, if developer/investor partners can be found for the site, it was felt that demand is strong for the area and development here could help attract occupiers from nearby towns to relocate in Denbighshire due to the lower rents which could be offered.

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x. The bulk of demand in Denbighshire is from existing businesses looking to relocate/ expand from their current premises, for both freehold and leasehold opportunities. This was reflected in the consultations with businesses, with many big local firms seeking growth, something unchanged from 2019. There is also some inward investment interest although this is stronger for B8 than B2 premises.

xi. The office market has been severely impacted upon from the Covid-19 Pandemic with many offices closed for some/ all of the last year and employees working on part or full time basis from home. How this will change after the Covid-19 Pandemic remains unclear, but stakeholders suggest office occupiers will continue to operate at around 70 percent of their 2019 capacity. This may result in some businesses downsizing, seeking smaller accommodation at the expense of larger options.

xii. Denbighshire's office market is focused at St Asaph Business Park. In 2021 at least, demand is weaker here than at equivalent locations elsewhere in North Wales. Partly this seems to reflect St Asaph Business Park's reputation as somewhere which accommodates only public sector organisations. It may also reflect a lack of modern, high quality premises when compared to competing locations. It was broadly recommended that marketing focus on promoting St Asaph as a location for B2/B8 uses, capitalising on its strategic position, the strong market and assuming a competing site at Bodelwyddan remains unlikely in the short/mid-term.

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Employment Land Supply and Need

xiii. The maximum employment land supply, from sites put forward for analysis in this Study, is 80.80 ha in seven sites. However, a review of site conditions and owner intentions suggests a realistic supply of 40.51 ha in five sites. Comments on individual sites are provided in Table ES1.

Table ES1 – Potential Employment Land Supply

Candidate Site ID.	Name	Status	Site Size, ha – Realistically Available for B1/B2/B8 Use (Anticipated Land Use – B1/B2/B8)
1	Bodelwyddan Key Strategic Site (KSS)	Site had an outline consent for a mixed use development, though this has now lapsed and it is understood that the developer that brought forward the application (Barwood), has withdrawn their interest in the site. The KSS is one of the projects that has been provided financial support through the North Wales Growth Deal. This is to provide enabling infrastructure to help unlock the site for housing and employment. Therefore, it has regional support for its delivery as a KSS.	0.00 – However, it is recommended below that a portion of this site could still be allocated in the next LDP* (B2/B8)
2	St Asaph Business Park	**Land South of the OpTIC Centre** DCC is DCC is looking to deliver grow on space, which will allow SMEs on the Business Park, particularly	23.87 (B1/B2/B8 allowing the full range of uses here is recommended given the nature of market demand)

Candidate Site ID.	Name	Status	Site Size, ha – Realistically Available for B1/B2/B8 Use (Anticipated Land Use – B1/B2/B8)
		from the OpTIC Centre, to expand locally. However, DCC need match funding for this. **Green Gates Farm Land** Multiple interests from investors and occupiers **Former Pilkington's Site/Vista** Land on the market, for sale. Have received interest from potential occupiers. Value aspirations of the owners are understood to be a barrier to completing a sale, however	
3	Colomendy, Denbigh	Local businesses have formed a consortium to develop the site, with interest in storage and industrial uses. Site master planning has been completed and several consents secured, with an indicative timetable to develop the site by 2025.	8.00 (B1/B2/B8)
4	Glasdir, Ruthin	The Livestock Market will need to retain the three eastern fields to graze animals kept at the site for extended periods. Part of the site also now developed as a foodstore. Discussions are ongoing with an enabling developer which has an interest in developing the western A525 frontage. Although retail and services, opening up the site, are its	2.42 ha – Allows for loss of land for Livestock Market and foodstore. (B1/B2/B8)

Candidate Site ID.	Name	Status	Site Size, ha – Realistically Available for B1/B2/B8 Use (Anticipated Land Use – B1/B2/B8)
		priority, there remains a prospect it will support the development of employment premises.	
5	Lon Parcwr, Ruthin	No development plans here.	0.00 – Assumed not developable due to access constraints
6	Cilmedw, Llangollen	Current reported interest with a developer/occupier for a development, of undisclosed size, of industrial premises for their own use. Discussions are ongoing.	2.50 (B1/B2/B8)
7	Ty'n Llidiart, Corwen	Opportunities for development would be for industrial uses, and for expansion of Wholebake Ltd facilities, the partial site owner. Wholebake Ltd has indicated that they purchased the site for expansion, but the cost of development has meant that they have not proceeded at this stage, though have commented that they still require expansion space	3.72 – Not yet an adopted B-Class site, but land is needed here. (B1/B2/B8)
		Total	40.51

Source: BE Group, 2021

*See also Paras 6.14-6.19 (pages 118-119), paras 8.89-8.67 (pages 152-154) and Recommendation 2 (Paras 9.5-9.6, Page 158) of the Main Report.

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xiv. To assess need, two recognised methods of forecasting have been used, reflecting Welsh Practice Guidance:

- Practice Guidance Method One: Past Building Completions – Utilises past take up for the last 25 years (Long Term Land Take-up) and 14 years (Short Term Land Take-up). The difference reflecting uncertainties in the reliability of pre-2007 take up data
- Practice Guidance Method Two (A): Labour Demand Forecasting – jobs growth, as identified in Cambridge Econometrics (2021) forecast modelling, reflecting contemporary macro-economic issues, consistent with jobs densities and plot ratios defined in Welsh Practice Guidance
- Practice Guidance Method Two (B): Labour Demand Forecasting – Revised to Account for Bodelwyddan Strategic Site – as above, but Policy-On modelling which allows for some additional 625 workers at Bodelwyddan, over the next decade, as set out in the Outline Business Case for this Site.

xv. The outputs from all the models are outlined in Table ES2.

Table ES2 – Land Forecast Models – Summary

Model	Land Stock 2021, ha*	Land Need 2018-2033, ha	Flexibility Buffer (five years take-up rate) ha	Land Need Incl. flexibility buffer	Surplus (Shortfall), ha	Assumptions
Practice Guidance Method One: Past Building Completions - Long Term Land Take-up	40.51	60.15	20.05	80.20	(39.69)	Based on historic (25 years) take-up of 4.01 ha/pa.
Practice Guidance Method One: Past Building Completions - Short Term Land Take-up	40.51	28.80	9.60	38.40	2.11	Based on last 14 years take-up of 1.92 ha/pa.
Practice Guidance Method Two (A): Labour Demand Forecasting	40.51	*Net Change* B1: 0.53 B2/B8: -14.0 Total: -13.47	*Net Change* B1: 0.18 B2/B8: N/A Total: N/A	*Net Change* B1: 0.71 B2/B8: -14.0 Total: -13.29	*Net Change* 53.80	Based on *Net Change:* Projected employment change across sectors
		Growth Only *B1: 1.54* *B2/B8: 3.22* *Total: 4.76*	*Growth Only* *B1: 0.51* *B2/B8: 1.07* *Total: 1.58*	*Growth Only* *B1: 2.05* *B2/B8: 4.31* *Total: 6.36*	*Growth Only* *34.15*	Growth Only: Projected growth sectors
Practice Guidance Method Two (B): Labour Demand Forecasting – Revised to Account for	40.51	*Net Change* B1: 1.80 B2/B8 -10.52	*Net Change* B1: 0.60 B2/B8: N/A Total: 0.60	*Net Change* B1:2.40 B2/B8: -10.52	*Net Change* 48.63	Based on *Net Change:* Projected employment change

Model	Land Stock 2021, ha*	Land Need 2018-2033, ha	Flexibility Buffer (five years take-up rate) ha	Land Need Incl. flexibility buffer	Surplus (Shortfall), ha	Assumptions
Bodelwyddan Strategic Site		Total: -8.72		Total: -8.12		across sectors
Option 1 – Assumes All Bodelwyddan Jobs are New to the County		*Growth Only* *B1: 2.58* *B2/B8: 3.22* *Total: 5.80*	*Growth Only* *B1: 0.86* *B2/B8: 1.07* *Total: 1.93*	*Growth Only* *B1: 3.44* *B2/B8: 4.29* *Total: 7.73*	*Growth Only* *32.78*	Growth Only: Projected growth sectors Includes 625 additional jobs for Bodelwyddan
Practice Guidance Method Two (B): Labour Demand Forecasting – Revised to Account for Bodelwyddan Strategic Site	40.51	*Net Change* B1: 1.50 B2/B8: -11.73 Total: -10.23	*Net Change* B1: 0.50 B2/B8: N/A Total: 0.50	*Net Change* B1: 2.00 B2/B8: -11.73 Total: -9.73	*Net Change* 50.24	Based on *Net Change:* Projected employment change across sectors
Option 2 – Assumes 70 percent of Bodelwyddan Jobs are New to the County		*Growth Only* *B1: 2.31* *B2/B8: 3.22* *Total: 5.53*	*Growth Only* *B1: 0.77* *B2/B8: 1.07* *Total: 1.84*	*Growth Only* *B1: 3.08* *B2/B8: 4.29* *Total: 7.37*	*Growth Only* *33.14*	Growth Only: Projected growth sectors Includes 438 additional jobs for Bodelwyddan

Source: DCC/BE Group, 2021

*Realistic land supply

xvi. The figures allow for a minimum five-year flexibility buffer to allow for choice and potential change in needs during the LDP period as well as providing some accounting for further possible losses in the supply.

xvii. Under all land take up models, apart from Practice Guidance Method One: Past Building Completions - Long Term Land Take-up, Denbighshire has enough land to meet its needs. However, as noted, there are questions about the reliability of long term take up data.

xviii. The jobs-based forecast, both Policy Off and Policy On, models suggests the County has an oversupply of employment land. This indicates that almost all the current land supply may be surplus to requirements. However, the market assessment and a review of the historic trends in employment change and land take up (see Section 7.0) suggest that these forecasts underestimate land needs significantly.

xix. Thus, evidence favours Practice Guidance Method One: Past Building Completions - Short Term Land Take-up which generates a minimum requirement of 38.40 ha.

Recommendations

xx. This report has had full regard to the requirements of TAN 23 and Planning Policy Wales to encourage and deliver growth through the planning system. The key recommendation is:

> *That the Council should use Practice Guidance Method One: Past Building Completions - Short Term Land Take-up and the main method of assessing needs. This suggests that the County's minimum employment land requirements are 38.40 ha to 2033 (inclusive of a five-year buffer).*

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xxi. Recommendations for individual employment sites have been summarised in Table ES3 (Employment Land Recommendations) below. This identifies five sites, totalling 40.51 ha, which would be suitable as employment land allocations in the new LDP. This could increase to 45.51 ha if the recommendation for a reduced site allocation at Bodelwyddan was implemented – 5 ha allocated now, with 21 ha safeguarded for a post 2033 period.

xxii. The Council should work with neighbouring authorities on issues in which interests will overlap. Also review and monitor the employment land and premises position and undertake this study again in approximately four years, as 2033 is a long time in the future and much will happen before then.

Table ES3 – Employment Land Recommendations

Site Ref.	Name	Allocate/Protect in the new LDP?	Recommendations
1	Bodelwyddan Key Strategic Site (KSS)	Allocate/ protect in part*	The site remains a strong candidate for employment, with proximity and visibility from the A55, the primary, strategic corridor through the County. The broader KSS site is relatively flat with a long frontage along the A55, and while significant master planning work would need to be undertaken to determine the position of employment uses within the site, there would be an opportunity for businesses to be located in high-profile locations within the site. The KSS has regional level support through the North Wales Growth Deal, which commits money to enabling infrastructure to help unlock the KSS. This is a critical element to help deliver this site, with recognition in the market that there needs to be substantial investment to make the KSS scheme viable to the private sector. Discussions with commercial agents as part of this study has revealed that there have been enquiries and market interest in the Bodelwyddan site. This reflects the broader growth in demand for larger B2 and particularly B8 uses nationally, resulting from factors such as the ongoing strength of online retail. The A55 Corridor remains a key strategic corridor for logistics traffic and while the biggest B2/B8 developments in North Wales are likely to be focused at Deeside, their remain opportunities for development elsewhere. Despite the ongoing strength of the market, it is hard to be confident that a large scale development will be brought forward at Bodelwyddan for a number of reasons: • The lack of developer and investor partners – In 2019, there were parties interested in delivering the site. The KSS had an extant planning consent which included a modest employment option. As of 2021, those parties appear to have lost interest in delivering the site and the consent has lapsed. • Interest is from potential occupiers which do not have the capacity to develop the site themselves – Thus while there is market interest and an element of infrastructure funding available, there remains no party in a leadership/developer role to progress this site • The difficulty in attracting new developer/investor partners – Delivering the large mixed use site would require input from at least one experienced regional/national level developer. Interest from such parties is not in evidence and a major site marketing exercise would be required to determine what interest exists

Site Ref.	Name	Allocate/Protect in the new LDP?	Recommendations
			• The long term nature of the allocation – The Bodelwyddan KSS has been an employment and mixed use site allocation in Denbighshire for over 20 years. Welsh Government policy discourages the retention of development sites, for the long term, where development prospects are questionable. Thus, while the market remains interested in the KSS, there is still no 'way forward' for it to be delivered, and no evidence, as of 2021 at least, that such a way forward will come forward to 2033. In principle, the whole 26 ha Bodelwyddan KSS could be removed from the next LDP and still leave a modest supply surplus against needs. However, given market interest and the monies set out for infrastructure here, a more desirable alternative might be to retain a more modest employment allocation at Bodelwyddan KSS, approx. 5 ha, in the LDP as an amount which could be realistically brought forward to 2033. Such a smaller site might be easier for local developers and businesses to deliver, particularly if financial support for infrastructure is available and an element of housing remains for cross funding. Such a smaller site could be identified as a phase one of a larger, very long term site with the remaining 21 ha safeguarded for employment development post 2033, under the assumption that by that time it may have been possible to secure strategic development partners. If by 2033 there is still not a clear 'way forward' for the wider KSS then it would be time to consider removing the strategic site, or at least the employment element, as a development option in the LDP
2	St Asaph Business Park	Allocate/ protect	Overall, St Asaph remains a high value strategic asset for the County and Wales as a whole. It should be strongly protected in the LDP for relevant uses. There are a mixture of plans and investment prospects across the three plots, with varying prospects for delivery. The differing proposals would benefit from common delivery planning and DCC should consider creation of a combined Delivery Strategy for St Asaph, bringing together the various stakeholders, including Welsh Government and private landowners to create a coherent plan for change given the realistic constraints and opportunities of the location. This should particularly consider overlapping needs for infrastructure and services and how common constraints such as the Pylons can be dealt with. Two sites, Land South of the OpTIC Centre and Green Gates

Site Ref.	Name	Allocate/Protect in the new LDP?	Recommendations
			Farm Land, are currently allocated for B1 uses only. Market evidence is that demand is more for B2/B8 uses at present, reflecting a strong national logistics market. Flexibility in what uses can be accommodated will allow the maximum number of requirements to be realised here and increase deliverability prospects. The road network would not suit the very largest B2/B8 facilities, which generate extensive HGV Traffic. However, the available plots are not large enough for regional or national scale depot facilities. Evidence is that viability remains a constraint to development here, particularly for schemes that will not enjoy public support. To secure viable development, particularly on the unserviced Green Gates plot may require a broader range of uses, including some higher value options.
3	Colomendy, Denbigh	Allocate/ protect	Large employment site, the only available land in Denbigh which could meet the various business requirements identified. There is a clear ‘way forward' for the delivery of this site is clear with development led by a number of businesses already present on Colomendy Industrial Estate, plus input from DCC. Progress to date includes master planning and agreement on the uses to go on the whole site, plus planning consents on two of the five development plots for B-Class uses. Assuming ongoing progress to delivery, this land should be adopted in the LDP for B1/B2/B8 uses.
4	Glasdir, Ruthin	Allocate/ protect, western half only	With the need to retain the Livestock Market and associated grazing land, plus the foodstore development, the net developable area reduces to 2.42 ha. Given, this reduction in land supply and the likelihood that Site 5 - Ruthin Lon Parcwr cannot be delivered, protection of the remaining land here, for B1/B2/B8 uses, becomes increasingly important, especially given the unmet demand for premises from local businesses, identified in this study.. DCC needs to continue to monitor and engage with the relevant stakeholders here to ensure progress toward delivery is made in the short term.

Site Ref.	Name	Allocate/Protect in the new LDP?	Recommendations
5	Lon Parcwr, Ruthin	Not a deliverable employment site, do not allocate/ protect for B1/B2/B8. Likely undevelopable for any use	Unless a realistic option can be developed for accessing this site, it does not appear to be deliverable
6	Cilmedw, Llangollen	Allocate/ protect	Reasonable evidence of demand, both for land in Llangollen generally and on this site specifically. On this basis land should be protected in the LDP for B-Class uses. However, abnormal access costs for the southern plot will be a barrier to viable development here. It is recommended that DCC undertake further viability testing to determine the scale and extent of any viability gap caused by this issue. Assuming a gap exists then options to boost value may need to be considered. Consideration of these options is preferred over the de-allocation of the southern plot which would only leave some 1.6 ha of land remaining in the northern plot to serve a very large rural catchment.
7	Ty'n Llidiart, Corwen	Allocate/ protect	It is recommended that the Council do seek to allocate employment land around Ty'n Llidiart, Corwen, which could include the identified 3.72 ha site to meet both the expansion needs of Wholebake and allow some development of micro business space when required by the market.

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Source: BE Group, 2021

*See also Paras 6.14-6.19 (pages 118-119), paras 8.89-8.67 (pages 152-154) and Recommendation 2 (Paras 9.5-9.6, Page 158) of the Main Report.